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REEMPLOYED OWCP COMPENSATIONERS

A Guide for Employees

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ABOUT YOUR FEDERAL EMPLOYMENT

Welcome back to Federal employment! As you know, the Federal Employees' Compensation Act (FECA) provided you with compensation benefits due to an employment-related disease or injury you sustained in the performance of duty. The FECA is administered by the Office of Workers' Compensation Program (OWCP) of the Department of Labor (DoL). Since you have been found fully or partially recovered from your disease or injury and have accepted a position in the Federal government, there are many questions you may have about your reemployment. This guide will address issues such as how your OWCP time affects your retirement credit, health and life insurance benefits, Thrift Savings Plan (TSP), and leave.

Retirement Credit Upon Reemployment ...

Full credit is given for entire periods while in receipt of compensation benefits during leave without pay (LWOP) and periods of separation. The time is creditable for within-grade step increases, career tenure, completion of the probationary period, leave accrual, retention entitlement, retirement computation, and high-3 average salary.

If you were on LWOP in receipt of compensation benefits, you are not subject to the limitation of 6 months credit in a calendar year. You will receive credit even though you may have been in a LWOP status more than 6 months while receiving compensation benefits. No period of separation, even if in receipt of compensation benefits, is creditable in meeting the one-out-of-two requirement under the Civil Service Retirement System (CSRS). The one-out-of-two requirement is met if you work in a covered position for at least one full year out of the last two years before retirement. This is one of the requirements you must meet before becoming eligible to retire. *Note: The one-out-of-two requirement does not apply if you are covered under the Federal Employees Retirement System (FERS).*

If you were approved for disability retirement but decided to receive compensation benefits, upon reemployment, you will be subject to the rules governing reemployed annuitants. In other words, you will not receive credit for the time while in receipt of compensation benefits upon reemployment until a new retirement right is established. To establish this right, you must work the equivalent of five full-time years or be found, by the Office of Personnel Management (OPM), to be recovered or restored to earning capacity. If your reemployment continues for at least five full-time years, or the part-time equivalent, you may elect a redetermined annuity, which will include credit for the time in receipt of compensation benefits. A redetermined annuity is a recomputed annuity that is substituted for your present annuity. If a new right is not established but you work at least one full-time year, a supplemental annuity may be earned based on actual time reemployed. A supplemental annuity is an annuity that is added on to your present annuity.

If you retired on a non-disability retirement under CSRS, your reemployment status will depend on whether your annuity rights continue upon reemployment. For example, if you retired on an optional or voluntary early retirement (VERA), your annuity will continue. If your annuity continues during reemployment, you return as a reemployed annuitant (same rules apply as previously stated for disability reemployed annuitants). If your annuity right ceases upon reemployment, the time that you were receiving compensation benefits is creditable once you establish a new retirement right (meet the one-out-of-two provision). An example of when your annuity would cease is upon return to a permanent position (such as a Career Appointment), not excluded from retirement coverage, after having retired on an involuntary separation (discontinued service retirement).

If you retired on a non-disability retirement under FERS, your annuity will continue and the same rules apply as previously stated for disability reemployed annuitants. FERS employees are not required to meet the one-out-of-two requirement.

Note 1: If you are reemployed at a lower grade level than previously held, and you are receiving a loss of wage earning capacity payment from DoL, only the salary of the actual position is used when computing the high-3 average salary for retirement. Payments received from OWCP are not included in this computation.

Note 2: If you were injured in a noncovered position, i.e., Temporary Appointment NTE 1 year and return to Federal employment, the time while in receipt of compensation benefits is treated as nondeduction service and subject to the deposit rules of the applicable retirement system. Contact your personnel office for further information on determining whether the OWCP time is creditable.

If you requested and received a refund of your retirement contributions, you may want to redeposit that amount into the retirement system. **This is not an option if you received a refund of FERS contributions.** Under CSRS, payment of a redeposit is not required for the service to be used in meeting eligibility requirements to retire. The amount of the redeposit equals the amount of the refund received plus accrued interest. Interest begins on the date you received the refund and is compounded annually. If the refund included a period of service that ended **before** October 1, 1990, and you choose not to make a redeposit, your future CSRS annuity will be actuarially reduced. The actuarial reduction is computed using a formula based on your age at retirement and the amount of the redeposit owed. If the refund included a period of service that ended **after** September 30, 1990, and you choose not to make a redeposit, you will not receive any credit in the computation of your future CSRS annuity. Contact your personnel office to request an estimate of a redeposit, application to make payment, or further information on how payment or nonpayment of a redeposit will affect your future annuity.

Retirement Coverage Determinations...

The time while in receipt of compensation benefits, whether on LWOP or separated from service, is considered a leave of absence, and is not considered an actual break in service in determining retirement coverage. Therefore, you will retain whatever retirement

coverage you had before your injury. For example, if you were covered under CSRS, upon returning to a covered position, you will remain under CSRS. You will also have an opportunity to elect FERS within 6-months of your employment. This applies even if you were in a LWOP status receiving compensation benefits and return to duty. An election of FERS may be advantageous if you are eligible to retire upon your reemployment but do not meet the CSRS one-out-of-two requirement. By switching to FERS, you can retire immediately (age and service requirements must be met) following the effective date of your FERS election. The FERS age and service requirements are: 1) minimum retirement age (MRA) based on the year you were born with 30 years of service; 2) age 60 with 20 years of service; and 3) age 62 with 5 years of service. If there was a break between compensation benefits and reemployment, you may not be eligible to retain the retirement coverage you previously had before the injury. If this applies to you, contact your personnel office in regards to your current retirement coverage.

Special retirement coverage rules apply if you are reemployed as a reemployed annuitant, as discussed earlier. **CSRS** reemployed annuitants will not automatically be covered under the retirement system. However, you may elect to have retirement deductions withheld from your salary. If you decide not to contribute to the retirement system, you will not receive credit for the reemployed service, until a deposit is paid. **CSRS-Offset** reemployed annuitants will be given the same opportunity as CSRS reemployed annuitants to contribute to the retirement system. Social Security taxes must be withheld. It is mandatory for **FERS** reemployed annuitants to have retirement and Social Security taxes withheld.

Federal Employees Health Benefits (FEHB) Program ...

OWCP will transfer your FEHB enrollment back to your personnel office upon reemployment. The effective date of the transfer is the day after your compensation terminates. If you are reemployed on a part-time basis and are receiving loss of wage earning capacity payments from OWCP, your FEHB enrollment will remain at DoL and premiums will continue to be withheld from your compensation benefit. If you are not currently enrolled in FEHB and your current position entitles you to FEHB coverage, you will be given 60 days to enroll in a FEHB plan.

Federal Employees' Group Life Insurance (FEGLI) Program ...

Upon your reemployment in a nonexcluded position, your coverage will be transferred from OPM to your personnel office. If you are reemployed in an excluded position, i.e., Temporary Appointment NTE one year, your coverage will be terminated. The amount of FEGLI coverage is based on the actual rate of "basic pay" of your current position. This applies even if you are reemployed at a lower grade level and are receiving loss of wage earning capacity payments from OWCP. Compensation benefits are not included in calculating FEGLI benefits.

Thrift Savings Plan (TSP) ...

As you know, TSP contributions could not be made during the period you were receiving compensation benefits. If you were separated, upon reemployment you will be eligible to begin contributing to TSP during the next open season. If you were on LWOP during receipt of compensation benefits, your TSP contributions will resume upon return to a pay status.

Leave ...

You did not accrue leave while you were in receipt of compensation benefits whether in a LWOP status or separated. However, upon reemployment, the time spent in receipt of compensation benefits will count for leave accrual purposes. This is known as your service computation date for leave (SCD-Leave). If you are a reemployed annuitant, your SCD-Leave is the same date when you retired; therefore, the time spent in receipt of compensation benefits is not creditable. Except for reemployed annuitants, any sick leave that you had on the rolls before separation will be reccredited.

Resources ...

All withholdings from your salary are shown on your leave and earnings statement. You should continually review for deductions, leave balances, special announcements, etc. If you believe there is an error in the amount of withholdings, it is your responsibility to contact either your personnel or payroll office, as appropriate.

There are many resources available to learn more about your Federal employment. Your personnel office will have pamphlets on the various programs. In addition, the following web sites provide the same pamphlets and other information: <http://www.opm.gov>, <http://www.tsp.gov>, and <http://www.ssa.gov>.